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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 27, 2002

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

SOURCEONE GROUP, INC.,

CASE NO. INS-2002-00070

SOURCEONE, INC.,

CASE NO. INS-2002-00087

and

PAYROLL SERVICES OF VIRGINIA, INC.,

CASE NO. INS-2002-00086

Defendants

FINAL ORDER

On April 3, 2002, the Commission issued an Order to Take Notice against Defendants based on allegations by the Bureau of Insurance that Defendants were operating multiple employer welfare arrangements in the Commonwealth of Virginia without complying with 14 VAC 5-410-40 A and 14 VAC 5-410-40 B of the Commission's Rules Governing Multiple Employer Welfare Arrangements.

Defendants were ordered to take notice that the Commission would enter an order subsequent to April 15, 2002, permanently enjoining Defendants from operating multiple employer welfare arrangements in the Commonwealth of Virginia, unless on or before April 15, 2002, Defendants filed with the Clerk of the Commission a responsive pleading and a request for a hearing.

On April 19, 2002, Defendants, by counsel, filed a motion stating that they were in the process of taking certain actions requested by the Bureau of Insurance and requesting that the Commission continue the case generally. The Bureau of Insurance did not object to the granting of a general continuance. Accordingly, the Commission continued this matter generally on April 23, 2002.

Based on the Bureau of Insurance's subsequent investigation of Defendants, it appears that SourceOne Group, Inc. violated 14 VAC 5-410-40 A, 14 VAC 5-410-40 B, 14 VAC 5-410-40 C, and 14 VAC 5-410-40 D of the Commission's Rules Governing Multiple Employer Welfare Arrangements. It also appears from such investigation that SourceOne, Inc. and Payroll Services of Virginia, Inc. did not commit any violations of the Commission's Rules Governing Multiple Employer Welfare Arrangements.

The Commission is authorized by §§ 38.2-218 and 38.2-219 of the Code of Virginia to impose certain monetary penalties and issue cease and desist orders upon a finding by the Commission, after notice and opportunity to be heard, that SourceOne Group, Inc. has committed the aforesaid violations.

SourceOne Group, Inc. has been advised of its right to a hearing in this matter, whereupon SourceOne Group, Inc., without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein SourceOne Group, Inc. has

tendered to the Commonwealth of Virginia the sum of ten thousand dollars (\$10,000), waived its right to a hearing, and agreed to the entry by the Commission of a cease and desist order.

The Bureau of Insurance has recommended that the Commission accept the offer of settlement of SourceOne Group, Inc. pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

The Commission, having considered the record herein, the offer of settlement of SourceOne Group, Inc., and the recommendation of the Bureau of Insurance, is of the opinion that SourceOne Group, Inc.'s offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of SourceOne Group, Inc. in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) SourceOne Group, Inc. cease and desist from any conduct which constitutes a violation of 14 VAC 5-410-40 A, 14 VAC 5-410-40 B, 14 VAC 5-410-40 C, or 14 VAC 5-410-40 D of the Commission's Rules Governing Multiple Employer Welfare Arrangements; and

(3) The papers herein be placed in the file for ended causes.